

LETTERKENNY INSTITUTE OF TECHNOLOGY

FINANCIAL STATEMENTS FOR YEAR ENDED 31ST AUGUST 2015

Contents

	Page Number
Statement of Institute Responsibilities	2
Statement on Internal Control	3 – 5
Report of the Comptroller and Auditor General	6
Statement of Accounting Policies	7 – 9
Income and Expenditure Account	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Financial Statements	13 - 22

LETTERKENNY INSTITUTE OF TECHNOLOGY

STATEMENT OF INSTITUTE RESPONSIBILITIES

The Institutes of Technology Acts 1992 to 2006 require the Institute to prepare financial statements in such form as may be approved by the Higher Education Authority and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements, the Institute is required to:-

- select suitable accounting policies and apply them consistently
- make judgments and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless that basis is inappropriate
- disclose and explain any material departures from applicable accounting standards.

The Institute is responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute and which enable it to ensure that the financial statements comply with the Institutes of Technology Acts 1992 to 2006. The Institute is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Fintan Moloney
Chairperson

22/09/2016
Date


Paul Hannigan
President

22/09/2016
Date

LETTERKENNY INSTITUTE OF TECHNOLOGY

STATEMENT ON INTERNAL CONTROL

For the year ended 31 August 2015

Responsibility for the System of Internal Control

The Governing Body of Letterkenny Institute of Technology acknowledges its responsibility for ensuring that an effective system of internal control, based on compliance with the Code of Governance of Irish Institutes of Technology, is maintained and operated. The system of internal control consists of those processes used to identify, evaluate, prioritise and manage the significant risks faced by Letterkenny Institute of Technology in the management of its affairs. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected on a timely basis.

Key Control Procedures

The Governing Body has taken steps to ensure an appropriate control environment, including the following:

- Procedures and regulations are documented, implemented and up to date. The Institute is engaged in an ongoing process to update existing procedures and to introduce new policies and procedures where appropriate.
- Regular reviews of periodic and annual reports, including financial performance against budgets, are performed by the Governing Body. Timeliness of preparation of draft statutory accounts has improved in recent years.
- An Audit Committee operates with clear terms of reference, dealing with significant control issues and receiving the reports of the internal and external auditors.
- Clearly defined capital investment control guidelines are in place.

Letterkenny Institute of Technology has an outsourced internal audit function, which operates in accordance with the Code of Governance of Irish Institutes of Technology. Annual internal audit plans take account of areas of potential risk identified by management and the Audit Committee. The Internal Audit Plan for 2014/2015 was approved by the Audit Committee in November 2014.

Risk Management

In December 2012, the Governing Body reviewed and approved the Institute's Risk Management Policy. An Institute-wide risk register has been developed and is subject to bi-annual review by the Institute's Executive Board. Responsibility for risk management oversight and maintenance of the Institute's risk register has been assigned to a member of Executive Board.

Annual Review of Controls

The Governing Body's review of the effectiveness of the system of internal control is informed by:

- Senior officers within the Institute, who have responsibility for the development and maintenance of an internal control framework.
 - Work processes and procedures across key Institute activities are designed to ensure adequate and appropriate segregation of duties.
 - The Executive Board reviews the Institute's financial performance during the year, including comparisons against budget.
- The Audit Committee which assists the Governing Body in fulfilling its oversight responsibilities.
 - The Audit Committee oversees the work of the Internal Auditors and, at a minimum of once each year, meets the Internal Auditors to review their plans and activities.
 - Deliberations of the Audit Committee and any issues of concern are reported to the Governing Body.
 - The Audit Committee's Annual Report for year ended 31 August 2015 was presented to the Governing Body in October 2015.
- The Institute's Internal Auditors.
 - The Internal Audit plan considers risk when identifying areas for review.
 - The Internal Auditors perform their work in accordance with the Internal Audit plan. Where the work relates to the Institute's system of internal control, the Internal Auditors submit reports which provide independent assurance on the adequacy and effectiveness of the Institute's system of internal control, with recommendations for improvement. These reports are provided to the Institute's Audit Committee which reports directly to the Governing Body.
- The comments made by the Comptroller and Auditor General in his Report on the audit to the Audit Committee, management letter and other reports.

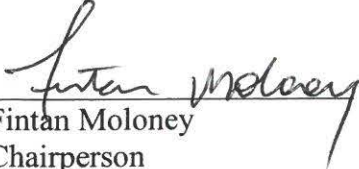
We confirm that the Governing Body conducted a review of the effectiveness of the system of internal controls for the year ended 31 August 2015 in October 2015.

We also confirm that the Governing Body approved the latest Code of Governance of Irish Institutes of Technology in September 2013. The Governing Body is committed to fully implementing the latest Code.

Activities in progress

- The Institute has incurred operating deficits for each of the five years ending 31 August 2011, 31 August 2012, 31 August 2013, 31 August 2014 and 31 August 2015. The Institute is engaged in ongoing consultation with the Higher Education Authority regarding its financial position, with particular focus on the financial challenges associated with the School of Tourism, Killybegs.

- The Institute's Risk Management Policy was approved by Governing Body in December 2012. The Institute has been working towards full implementation of the policy across all activities.
- The Institute is working towards full implementation of the Internal Controls Framework.
- The Institute continues to work towards broader compliance with the Code of Governance of Irish Institutes of Technology.


Fintan Moloney
Chairperson

22/09/2016
Date


Paul Hannigan
President

22/09/2016
Date



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Letterkenny Institute of Technology

I have audited the financial statements of Letterkenny Institute of Technology for the year ended 31 August 2015 under the Institutes of Technology Acts 1992 to 2006. The financial statements comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is the Institutes of Technology Acts 1992 to 2006 and generally accepted accounting practice.

Responsibilities of the Institute

The Institute is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Institute's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Institute as at 31 August 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Institute were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Going concern

Without qualifying my opinion on the financial statements, I draw attention to Note 26 Financial Position. The Institute has incurred a deficit in each of the last five years. The members of the Governing Body are satisfied that the Institute remains a going concern.

Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on internal control does not reflect the Institute's compliance with the Code of Governance of Irish Institutes of Technology, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Seamus McCarthy
Comptroller and Auditor General

30 September 2016

Statement of Accounting Policies for year ended 31 August 2015

The significant accounting policies adopted by Letterkenny Institute of Technology are as follows:

1. BASIS OF PREPARATION

The financial statements are prepared in accordance with generally accepted accounting principles in Ireland and the United Kingdom under the historical cost convention (except for certain assets which are included at valuation) and with the requirements of the Higher Education Authority.

Under the Institutes of Technology Act 2006 which came into operation on 1 February 2007 certain functions and funding which were previously exercised and provided by the Minister for Education and Skills were transferred to the Higher Education Authority.

2. RECOGNITION OF INCOME

State Grants:

Recurrent grants from the Higher Education Authority and other bodies are recognised in the period in which they are receivable.

Non-recurrent grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Minor Capital Works:

The Minister for Education and Skills introduced a scheme to devolve responsibility to the Institute for Summer and other Capital Works. Where devolved grant monies, in respect of this scheme, have not been expended they are treated as deferred income, provided the projects to which they are committed have been approved by the Governing Body, are fully defined, time phased and with estimates of costs.

In all other cases devolved grant funding is recognised in the period received.

Research Grants and Contracts:

Income from Research Grants and Contracts is matched to expenditure and is included in the income of the year in which the related expenditure has been incurred. Full provision is made for foreseeable losses.

All research income and expenditure is shown under the headings 'Research Grants and Contracts'. Full provision is made for foreseeable losses.

Fee Income:

Fee Income is accounted for on an accruals basis. All fee income is included under this heading including Life Long Learning and Other Fees. Where the Institute concludes fee income recognised is not collectable the Institute makes an appropriate provision for the amount not considered collectable and discloses this as a separate expense.

Interest Income:

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

3. STOCKS

Expenditure on books and consumable stocks is charged to the Income and Expenditure Account as incurred.

4. FIXED ASSETS and DEPRECIATION

Fixed assets, with the exception of land, are stated at historical cost or valuation less accumulated depreciation. Land is stated at historical cost or valuation.

(a) COST OR VALUATION

Fixed assets in existence on 1 January 1993 (date of commencement order) are stated at valuation. The basis of valuation of land and buildings is set out at note 14. Subsequent additions are stated at cost.

Buildings under construction are accounted for at cost based on the value of the architect's certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use.

(b) EQUIPMENT

From 1 September 2009, equipment costing less than €3,000 per individual item is written off to the income and expenditure account in the year of acquisition. Where individual items of equipment purchased are below the capitalisation limit, €3,000, and the total purchase invoice is in excess of the limit, these items are individually capitalised in the normal way.

(c) DEPRECIATION

All assets purchased before 1 September 2008 and capitalised will continue to be treated as fixed assets and depreciated to the end of their useful life.

Depreciation is provided on fixed assets, excluding land, on a straight line basis so as to write off their historical costs or valuations over their estimated useful lives as follows:

	Years
Buildings	50
Fixtures and Fittings including Prefabs	10
Computer equipment	3
Plant and Machinery	10
Equipment	5
Motor Vehicles	5

All equipment funded from Research Grants and Contracts is depreciated over the life of the asset in line with the policy for all other Fixed Assets.

Leased Land and Buildings are depreciated over the life of the lease.

5. FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into Euro

and recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date.

6. PENSIONS

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Deductions made from employees under the Single Scheme are remitted by the Institute to the Department of Public Expenditure and Reform.

The Institute is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the Single Scheme. The Institute had 20 members of the Single Scheme at 31 August 2015. Future benefits accruing to Scheme members have not been provided for in these financial statements. It is the Institute's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future State funding.

The Department of Public Expenditure and Reform is assessing the current arrangements in respect of the Single Scheme and is considering a number of options in relation to the future payment of benefits and financing of those benefits.

All other pension entitlements of staff are conferred under the Education Sector Superannuation Scheme 2015, and pension obligations are met by the Exchequer as they arise.

The superannuation scheme is operated on a Pay As You Go basis and therefore superannuation deductions made from employees are retained by the Institute, as an agreed part of its funding.

The Institute does not make contributions towards the scheme and has no obligations in respect of entitlements.

7. DEFERRED CAPITAL GRANTS

Deferred Capital Grants represent the amortised value of accumulated funds allocated for fixed assets.

8. CAPITAL DEVELOPMENT RESERVE

The Capital Development Reserve represents funds set aside by the Institute for specified capital development purposes. Such funds arise from Student contributions, non-State capital donations, banking facility fees and transfers from Revenue Reserves, in the latter case which have had the prior approval of the Higher Education Authority, together with bank interest earned on these monies. Such funds shall be retained in the Capital Development Reserve Account provided the defined projects to which they are committed are in line with the Institute's Capital Development Plan, have been approved by the Governing Body, time phased and with estimates of costs.

9. LEASED ASSETS

Rentals under operating leases are charged to the Income and Expenditure account in the period in which the expenditure is incurred.

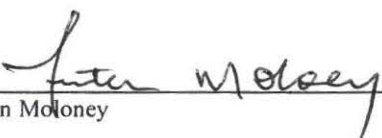
Income and Expenditure Account for the Year Ended 31 August 2015

INCOME	NOTE	2015 €'000s	2014 €'000s
State Grant	1	11,755	11,499
Tuition Fees	2	10,085	9,810
Amortisation of Deferred Capital Grants	17	2,268	2,044
Research Grants and Contracts	3	1,586	1,283
Other Income Generating Activities	21	360	401
Other Income	5	2,188	2,522
Student Support Funding Income recognised	4	335	489
Interest Income		64	97
		28,641	28,145
EXPENDITURE			
Academic Departments	6	17,449	17,318
Academic Services	7	687	687
Facilities Costs	8	1,718	1,592
Central Administration and Services	9	4,052	3,834
General Educational Expenses	10	666	727
Student Services	11	769	975
Research Grants and Contracts	3	1,586	1,283
Other Income Generating Activities	21	419	394
Student Support Funding Income applied	4	385	445
Depreciation	14	2,268	2,044
		29,999	29,299
OPERATING DEFICIT		(1,358)	(1,154)
TRANSFER TO CAPITAL DEVELOPMENT RESERVE	20	0	0
ACCUMULATED SURPLUS AT 1st SEPTEMBER		3,093	4,247
ACCUMULATED SURPLUS AT 31st AUGUST		1,735	3,093

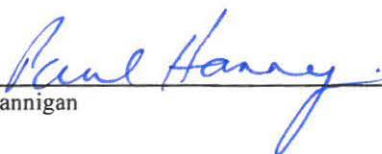
There are no gains or losses other than those recognised above.

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 28 form part of the financial statements.

Signed on behalf of the Governing Body :

Chairperson 
Fintan Moloney

Date 22/09/2016

President 
Paul Hannigan

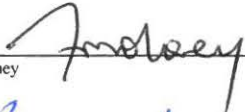
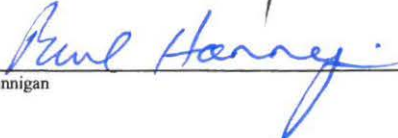
Date 22/09/2016

Balance Sheet As At 31 August 2015

	NOTE	2015 €'000s	2014 €'000s
FIXED ASSETS	14	74,926	72,349
		<u>74,926</u>	<u>72,349</u>
CURRENT ASSETS			
Debtors and Prepayments	15	2,614	1,785
Cash at bank and in hand		3,390	5,627
		<u>6,004</u>	<u>7,412</u>
CURRENT LIABILITIES			
Creditors and Accrued Expenses - Amounts falling due within one year	16	2,610	2,660
		<u>3,394</u>	<u>4,752</u>
NET CURRENT ASSETS			
		<u>78,320</u>	<u>77,101</u>
NET ASSETS			
		<u>78,320</u>	<u>77,101</u>
Represented by :			
Deferred Capital Grants	17	74,926	72,349
Income and Expenditure Account		1,735	3,093
Capital Development Reserve	20	1,659	1,659
		<u>78,320</u>	<u>77,101</u>

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 28 form part of the financial statements.

Signed on behalf of the Governing Body :

Chairperson	<u>Fintan Moloney</u> 	<u>22/09/2016</u>
	Fintan Moloney	Date
President	<u>Paul Hannigan</u> 	<u>22/09/2016</u>
	Paul Hannigan	Date

Cash Flow Statement for the year ended 31 August 2015

	2015	2014
	€'000	€'000

Reconciliation of operating deficit to net cash outflow from operating activities

Operating deficit	(1,358)	(1,154)
Interest income	(64)	(97)
Depreciation	2,268	2,044
Amortisation in line with asset depreciation	(2,268)	(2,044)
(Increase)/Decrease in Debtors	(829)	127
(Decrease) in Creditors	(50)	(133)
Net Cash Outflow from Operating Activities	(2,301)	(1,257)

Cash Flow Statement

Net Cash Outflow from Operating Activities

	(2,301)	(1,257)
--	---------	---------

Interest Received

	64	97
--	----	----

Capital Expenditure

Payments to acquire Fixed Assets

	(4,845)	(1,632)
--	---------	---------

Net Cash Outflow for capital expenditure

	(4,845)	(1,632)
--	---------	---------

Financing

State Capital Grants Spent on Fixed Assets

	-	76
--	---	----

State Recurrent Grants Spent on Fixed Assets

	621	482
--	-----	-----

Other funds spent on Fixed Assets

	4,224	1,074
--	-------	-------

Net Cash Inflow from Financing

	4,845	1,632
--	-------	-------

Decrease in Cash

	(2,237)	(1,160)
--	---------	---------

Reconciliation of net cash flow to movement in net funds

Decrease in cash	(2,237)	(1,160)
Opening net funds	5,627	6,787
Net Funds at 31 August	3,390	5,627

The Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 28 form part of the financial statements.

Signed on behalf of the Governing Body:

Chairperson


Fintan Moloney

Date

22/09/2016

President


Paul Hannigan

Date

22/9/2016

Notes To The Financial Statements

1. STATE GRANTS	Allocated for Recurrent Expenditure €'000's	Allocated for Capital Expenditure €'000's	Total 2015 €'000's	Total 2014 €'000's
State Grant for Recurrent Expenditure - HEA	10,626	621	11,247	11,436
State Grant for Recurrent Expenditure - HEA (Nursing)	539	-	539	545
State Grant for Capital Expenditure - Department of Education and Skills	-	-	-	76
State Grant for Minor Capital Works	590	-	590	-
Total - 2015	11,755	621	12,376	12,057
Total - 2014	11,499	558	-	12,057

The total cost of certain Higher Certificate and Ordinary Degree courses is subvented by the European Social Fund (ESF) at national level. State Grants for Recurrent Expenditure are partly funded from this EU assistance. With effect from the 1st February 2007 the Higher Education Authority took over responsibility from the Department of Education and Skills for the funding of non-nursing recurrent expenditure.

2. TUITION FEES	2015 Student No. (WTE)	2015 €000's	2014 Student No. (WTE)	2014 €000's
Fees Paid by State	2,513	2,181	2,769	2,724
Non-EU Fees	4	27	1	11
Fees paid by students or on behalf of students	456	396	83	366
Life Long Learning and Other Fees	256	247	179	197
Student Contribution	-	7,234	-	6,512
	3,229	10,085	3,032	9,810

The Higher Education Authority paid tuition fees in the year of €1,890,764 (2014: €2,078,384) for full time degree courses and €273,392 (2014: €603,419) for higher certificate and ordinary degree courses, the total costs of which are part funded by the ESF.

Student numbers are stated as wholetime equivalents, based on enrolled credits.

3. RESEARCH GRANTS AND CONTRACTS

	2015 €'000s	2014 €'000s
Income		
Research Grants and Contracts	1,647	1,297
Less: Research Grants and Contract Income allocated to capital	(61)	(14)
Net Income	<u>1,586</u>	<u>1,283</u>
Expenditure		
Pay Costs	951	805
Non-Pay Costs	635	478
Total Costs	<u>1,586</u>	<u>1,283</u>
Net Outcome	<u><u>0</u></u>	<u><u>0</u></u>

Included in the Research Grant and Contract Income is an amount of €8,220 (€25,693 in 2014) in respect of overhead recovery. The balance represents direct costs recovered for research work undertaken as outlined under Expenditure headings above.

4. STUDENT SUPPORT FUNDING

	Disabilities €'000s	Student Assistance €'000s	2015 €'000s	2014 €'000s
Balance at 1 September 2014	15	(3)	12	12
Receipts:				
Higher Education Authority	212	139	351	500
Less: Receipts Allocated to Capital	(16)	-	(16)	(11)
Net Receipts	<u>196</u>	<u>139</u>	<u>335</u>	<u>489</u>
Amounts Applied:				
Pay Costs	142	-	142	149
Non Pay Costs	<u>104</u>	<u>139</u>	<u>243</u>	<u>296</u>
	<u>246</u>	<u>139</u>	<u>385</u>	<u>445</u>
Balance at 31 August 2015	<u><u>(35)</u></u>	<u><u>(3)</u></u>	<u><u>(38)</u></u>	<u><u>56</u></u>

Funding is provided by the Higher Education Authority under the National Development Plan and is part funded by the European Social Fund.

5. OTHER INCOME

	2015	2014
	€'000s	€'000s
Superannuation Deductions Retained	1,195	1,153
Rental of Facilities	84	69
Central Research Overhead	134	154
Sundry Income	775	1,146
TOTAL	2,188	2,522

6. ACADEMIC DEPARTMENTS

	2015	2014
	€'000s	€'000s
Pay Costs	16,200	16,232
Non-Pay Costs:	1,249	1,086
TOTAL	17,449	17,318

7. ACADEMIC SERVICES

	2015	2014
	€'000s	€'000s
Pay Costs	508	526
Non-Pay Costs:	179	161
TOTAL	687	687

8. FACILITIES COSTS

	2015 €000's	2014 €000's
Pay Costs	491	470
Non-Pay Costs:	1,227	1,122
TOTAL	<u>1,718</u>	<u>1,592</u>

9. CENTRAL ADMINISTRATION AND SERVICES

	2015 €000's	2014 €000's
Pay Costs	3,078	2,957
Non-Pay Costs:	974	877
TOTAL	<u>4,052</u>	<u>3,834</u>

10. GENERAL EDUCATIONAL EXPENSES

	2015 €000's	2014 €000's
Pay Costs	428	491
Non-Pay Costs:	238	236
TOTAL	<u>666</u>	<u>727</u>

11. STUDENT SERVICES

	2015 €000's	2015 €000's	2015 €000's	2014 €000's
	Staff Costs	Non Pay	Total	Total
Subvention to Clubs, Societies and Students Union	124	171	295	500
Student Services	36	350	386	388
Careers Advisory Services	-	6	6	6
Health and Counselling	-	82	82	81
TOTAL	<u>160</u>	<u>609</u>	<u>769</u>	<u>975</u>

12. ANALYSIS OF EXPENDITURE

	Staff Costs €000's	Depreciation €000's	Other operating expenses €000's	2015 €000's	2014 €000's
Research Grants and Contracts	951	26	635	1,612	1,301
Academic Departments	16,200	469	1,249	17,918	17,635
Academic Services	508	8	179	695	694
Facilities Costs	491	1,526	1,227	3,244	3,231
Central Administration and Services	3,078	222	974	4,274	3,876
General Education Expenses	428	-	238	666	727
Other Income Generating Activities	266	-	153	419	397
Student Support Funding	142	17	243	402	463
Student Registration Charges	160	-	609	769	975
2015 Total	22,224	2,268	5,507	29,999	29,299
2014 Total	22,064	2,044	5,191	-	29,299
Analysis of Other Operating Expenditure				2015 €000's	2014 €000's
Materials and Other Consumables				348	413
Light, Heat & Power				468	498
Repairs and Maintenance Costs				676	498
Printed material, books and periodicals				166	155
Travel & Subsistence				447	394
Printing, Stationary, Postage and other Office Expenses				210	124
Rent, Rates and Insurance costs				180	196
Recruitment, training etc.				538	436
Audit fee				30	28
Consultancy Costs				130	188
Equipment (non capitalised) purchases				155	93
Computer maintenance, software and licences				379	298
Security and Grounds Maintenance				99	110
Medical service				82	81
Communications				73	81
Advertising and Marketing				228	108
Institute Management Service				53	49
Waste Disposal				22	20
Health and safety				23	30
Student Support Funding				243	296
Student Registration Charges				525	724
Course development and validation				49	41
Bad Debts				10	68
Other expenses				373	262
Total				5,507	5,191

13. TAXATION

Letterkenny Institute of Technology is exempt from Corporation Tax under a charitable status order.

14. FIXED ASSETS

	Total €'000s	Land and Buildings €'000s	Buildings in course of construction €000s	Fixtures and Fittings €000s	Computer Equipment €'000s	Equipment €000s	Plant and Machinery €000s	Motor Vehicles €'000s
Cost or Valuation								
At 1 September 2014	112,511	89,474	1,071	171	11,458	9,828	469	40
Additions	4,845	3,824	-	244	610	156	11	-
Transfer of Assets in Course of Construction	0	1,071	(1,071)	-	-	-	-	-
Disposal	(359)	-	-	-	(167)	(192)	-	-
	<u>116,997</u>	<u>94,369</u>	<u>-</u>	<u>415</u>	<u>11,901</u>	<u>9,792</u>	<u>480</u>	<u>40</u>
Depreciation								
At 1 September 2014	40,162	19,150	-	69	11,319	9,402	182	40
Charge for year	2,268	1,661	-	42	299	218	48	-
Disposal	(359)	-	-	-	(167)	(192)	-	-
	<u>42,071</u>	<u>20,811</u>	<u>-</u>	<u>111</u>	<u>11,451</u>	<u>9,428</u>	<u>230</u>	<u>40</u>
Net Book Value								
At 31 August 2015	<u>74,926</u>	<u>73,558</u>	<u>-</u>	<u>304</u>	<u>450</u>	<u>364</u>	<u>250</u>	<u>-</u>
Net Book Value								
At 31 August 2014	<u>72,349</u>	<u>70,324</u>	<u>1,071</u>	<u>102</u>	<u>139</u>	<u>426</u>	<u>287</u>	<u>-</u>

Cost or Valuation:

Land and buildings were valued at 1 January, 1993 on the basis of guidelines advised by the Department of Education and Skills.

The Institute's computer system in relation to student registration etc. was developed by a consortium acting on behalf of the Department of Education and Skills. The system was provided to the Institute through this consortium. Only the capital costs borne by the Institute itself for this computer system have been included in the Balance Sheet.

15. DEBTORS AND PREPAYMENTS

	2015 €'000s	2015 €'000s	2014 €'000s	2014 €'000s
Tuition and Other Fees	845		623	
Less Provision for Bad debts	(489)	356	(472)	151
State Recurrent Grant - Higher Education Authority		645		-
State & Other Capital Grant		731		845
Research Grants and Contracts		113		116
Self Funded Activities		8		16
Prepayments and Accrued Income		320		278
Other Debtors	445		399	
Less Provision for Bad debts	(4)	441	(20)	379
Maintenance Grants		-		-
Total		<u>2,614</u>		<u>1,785</u>

16. CREDITORS AND ACCRUED EXPENSES

	2015	2014
	€'000s	€'000s
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Payments Received in Advance :		
State Recurrent Grant-Higher Education Authority	-	147
Research Grants and Contracts	476	598
Self Funded Activities	210	201
Deferred Income Student Support Funding	50	50
Tuition and Other Fees in Advance	288	93
Maintenance Grants	-	-
	<u>1,024</u>	<u>1,089</u>
Trade Creditors and Accruals	9	10
PAYE /PRSI	532	549
VAT	37	66
Withholding Tax	2	7
Relevant Contracts Tax	3	1
Other Creditors	141	144
Accruals and Deferred Income	862	794
	<u>1,586</u>	<u>1,571</u>
	<u>2,610</u>	<u>2,660</u>

17. DEFERRED CAPITAL GRANTS

	2015	2014
	€'000s	€'000s
Opening Balance	72,349	72,761
Capital Grants Receivable		
State Capital Grants - Department of Education and Skills	-	76
Allocated from State Recurrent Grant - HEA	621	482
Allocated from Research Grants & Contracts	61	-
Allocated from Student Support Funding	15	11
Other Capital Grants/Funding	4,148	1,063
	<u>77,194</u>	<u>74,393</u>
Disposals	(359)	(264)
Release to Income		
Amortisation in Line with Asset Depreciation	(2,268)	(2,044)
Disposals	359	264
Closing Balance	<u>74,926</u>	<u>72,349</u>

18. CAPITAL COMMITMENTS CONTRACTED FOR BUT NOT PROVIDED

Estimated capital commitments of €17,025 existed at the end of the period.

19. Student Maintenance Grants	2015	2014
	€'000s	€'000s
Receipts from Department of Education and Skills (Colleges Section)	46	317
Receipts from Department of Education and Skills (Student Support Unit)	11	154
Payments to students	(46)	(322)
Payments to students (top ups)	(11)	(154)
Net Cash (Outflow) / Inflow	<u>0</u>	<u>(5)</u>
Opening Balance	0	5
Closing Balance	<u><u>0</u></u>	<u><u>0</u></u>
<p>From September 2012 responsibility for the payment of Third Level Training and Top up Grants was allocated to SUSI (Student Universal Support Ireland). For students that had commenced study prior to this date, the payment of the Third Level Training Grant continues to be processed by the Institute. The level of grants processed by the Institute is therefore reducing in each period and from September 2016 all payments will be made by SUSI.</p>		
20. Capital Development Reserve	2015	2014
	€'000s	€'000s
Balance as at 1st September 2014	<u>1,659</u>	<u>1,659</u>
Contribution to Capital (Used in Year)	-	-
Closing Balance as at 31st August 2015	<u><u>1,659</u></u>	<u><u>1,659</u></u>
21. Other Income Generating Activities	2015	2014
	€'000s	€'000s
Income		
New Business Development Centre	143	182
An Danlann Student Centre	217	219
Total Income	<u>360</u>	<u>401</u>
Less: Income Allocated to Capital	-	-
Net Income	<u>360</u>	<u>401</u>
Expenditure		
Pay Costs	266	264
Non-Pay Costs	153	130
	<u>419</u>	<u>394</u>
Net Outcome	<u><u>(59)</u></u>	<u><u>7</u></u>

22. Commitments under Property Leases

At the year end the Institute had commitments under property leases expiring as follows:

	2015	2014
	€'000s	€'000s
Within 1 year	68	68
Between 1 and 5 years	32	100
More than 5 years	-	-
	<u>100</u>	<u>168</u>

23. Contingencies

There were no contingencies existing at 31st August 2015.

24. Disclosure of Transactions - Governing Body Members

In the normal course of business the Institute may enter into contractual arrangements with undertakings in which the Institute's Governing Body members are employed or otherwise interested. The Institute has adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interests by members of the Board and the Institute has complied with these procedures during the year.

25. Employees

The average number of employees (whole-time equivalents) during the year was 371 (368 in 2014).

26. Financial Position

Letterkenny Institute of Technology has incurred operating deficits in each of the five years ended 31 August 2011, 31 August 2012, 31 August 2013, 31 August 2014 and 31 August 2015. The Institute is aware that further deficits of similar magnitude will result in depletion of reserves that could call into question the going concern status of the Institute in the near to medium term. Factors contributing to these deficits include the following:

1. Decreases in State Grant for funding of recurrent activities.
2. Suspension of State grants for funding of capital investments, such as equipment, computer equipment, fixtures and fittings. The need to allocate recurrent funding for capital purposes decreases income available to fund recurrent activities.
3. Amalgamation of Tourism College Killybegs into the Institute with effect from February 2007.

The Institute is engaged in ongoing discussions with the Higher Education Authority and with the Department of Education and Skills, with a view to ensuring that the Institute can sustain educational and related activities for the foreseeable future. The going concern basis has been adopted in preparing the financial statements, as the Institute has sufficient reserves to meet projected expenditures as they fall due for a period exceeding 12 months from the expected approval of the financial statements.

27. Technological University: Connacht-Ulster Alliance

By collaborating together Galway-Mayo Institute of Technology, Letterkenny Institute of Technology and Institute of Technology Sligo will achieve the criteria required to become a technological university (TU) and thereby enhance the ability of the higher education system in the region to support economic, social and cultural developments across a geographically dispersed, mostly rural community. The current timeline is 5 years to achieving re-designation as a TU. Cumulative cost projections for the 3 institutions up to 2019 is €11.8m as outlined in a recent funding submission to the HEA. As a result of this submission the HEA has committed funding of €757,000 to the project for 2015/16. Any changes to the proposed legislation on technological universities may have implications for the Connacht-Ulster Alliance project.

28. Approval of Financial Statements

The financial statements were approved by the Governing Body on 22 September 2016.

